

## **EMINENT DOMAIN AND RELOCATION OF RESIDENTS IN A REDEVELOPMENT AREA – NEW JERSEY LAW**

### **1. If the City adopts a redevelopment plan, does that mean that residents will be forced to move?**

Usually a City will go through the process of creating a redevelopment plan only if it plans to relocate at least some of the residents. The designation of a neighborhood as a redevelopment area gives the City the legal right to take **any** property without the owner's consent through eminent domain. The City is not likely to purchase every property, however. How many households are relocated depends on the specifics of the plan. The City could choose to acquire homes that are vacant or in poor condition. Most often the City will take properties that are needed to assemble large parcels of land that can be developed as one project.

### **2. How does the City exercise eminent domain?**

The City is required to pay the owners only the "fair market value" for the property. The City must first have an appraisal done of the property. It will then make an offer to the property owner to buy the property for that appraised price. If the owner and City do not reach an agreement to transfer the property within 14 days, the City can pass an ordinance authorizing court action and file a complaint in court. The City has the right at the same time to post the offered amount into court and take immediate title to the property by filing a "declaration of taking". The property owner is considered a trespasser 20 days after the declaration is filed and can be ordered out of the property by the judge. The owner can also be required to pay rent on the property if the owner remains in the property longer than the 20-day period.

The owner can dispute the price offered by the City through the court proceedings. To present a strong case, the owner will need to hire a real estate expert to do an independent appraisal. If a resident challenges eminent domain through the court proceeding, the court will usually consider only the price the City must pay for the home. There is limited opportunity to challenge the City's right to take the house.

### **3. What if I have mortgages or liens on my property?**

The mortgages and liens would have to be paid off from the money received from the City. For example, if a house is worth \$50,000, and the owner owes \$30,000 on a mortgage and \$10,000 in taxes, the owner would receive only \$10,000 for the home.

### **4. Must the City provide the residents with replacement housing?**

No, the City has no legal duty to create any replacement housing. There is also no legal requirement that residents must be given the opportunity to remain in the neighborhood or even in the City.

The City is required to prepare a "workable relocation assistance plan" ("WRAP") before it can start relocating residents. The WRAP must be approved by the state. A WRAP explains what

housing options are available for displaced residents and what assistance the City is providing to help residents obtain housing. The City must show where there may be available housing in the region, but does not have to guarantee that it is actually available to current residents.

## **5. What are relocation benefits?**

Relocation benefits are payments to persons displaced by redevelopment that are required by state and/or federal law. Resident homeowners are eligible for relocation benefits of up to \$15,000 to purchase a replacement “comparable” home. Renters are eligible to receive the difference between the old rent and the new rent at a new apartment up to a maximum amount of \$4,000 over 4 years. A renter could also use the relocation benefits to buy a house, but to receive more than \$2,000.00 the tenant must be able to contribute toward the purchase. Businesses can receive relocation benefits that cover the actual costs of searching for and moving to a new place of business or up to \$10,000 in lost earnings if the business cannot be readily relocated. The City must also pay both homeowners and renters \$500 in moving costs.

## **6. If the redevelopment plan is passed, how will I know whether the City will take my home?**

A redevelopment plan must list what properties the City intends to acquire. If a property is on the acquisition list, the City has decided that it needs to acquire it to put the redevelopment plan into effect. If a property is on the “may be acquired” list, the City could acquire it without changing the ordinance if it decides that the property is also necessary for its redevelopment initiatives. If a home is not on the City’s acquisition list, that means that the City has decided that at this time it does not appear that the property is needed for redevelopment.

The list is not final. A redevelopment plan, like any ordinance, can be amended (changed) at any time by City Council. That means that properties can be deleted from or added to the list.

## **7. Are there other ways besides eminent domain that residents could be forced out of the neighborhood?**

If the area changes dramatically, current residents, especially low-income families, may find the rents, house prices, and property taxes become unaffordable over time. Strict code enforcement could also make it difficult for some owners to hold on to their properties because of the high costs of required maintenance and improvements. Rental units could be lost if apartments are converted to condominiums or houses are put on the market for sale to prospective homeowners. Such changes could take place even without a planned redevelopment of the area, but adoption of a redevelopment plan make them more likely to happen.

## **8. What if some residents want to move out from the neighborhood? What are the advantages and the risks?**

Residents who have wanted to sell their homes and were unable to find a buyer may be able to use the relocation process as a way to get out. Relocation assistance provides some extra funding to help with the move and help with finding replacement housing. If someone’s property is on

the acquisition list, they can try to negotiate a sale with the City. If it is not, the resident could still ask the City to purchase their home, but it is not likely that the City would want to acquire individual homes unless it had some planned use for that entire block or area.

However, residents must also consider the risks. Relocation causes residents to lose their community ties and their personal investments in their homes, and creates uncertainty and stress. Most likely it would be very hard to find good replacement housing. There is a very severe shortage of affordable housing in this region, and usually, the fair market price for a house in a blighted neighborhood, combined with the limited relocation benefits, is not enough to purchase a new home anywhere else. Residents who are forcibly moved out often end up financially worse off, with bigger mortgages or with unaffordable rents, and living in poor quality housing. Long-time homeowners often become renters through this process, especially if they do not have good credit, are elderly, or are on fixed incomes.

Camden City is moving forward to have every neighborhood in the entire City designated as a redevelopment area, and some redevelopment plans call for relocation of thousands of residents. Other cities in the region, such as Ventnor, Lindenwold, and Mt. Holly, are also trying to demolish inexpensive housing units through redevelopment. If so many households are forced to move during a short period of time, that will make it even harder to find decent affordable housing for everyone who needs it.

In addition, partial or piecemeal relocation of a neighborhood can hurt those residents who want to stay. If some residents sell and move out, and the properties remain vacant, the neighborhood as a whole becomes blighted. If the sales make it possible for the City to start implementing a large-scale redevelopment project, it will become more difficult for those objecting to the project to stop it. That is why it is extremely important that residents who want to save and improve their community agree on what they want and stand united.

## **9. What if the City promises to provide replacement housing?**

Residents must first decide and agree on whether it is acceptable to them to lose their homes through eminent domain and be forcibly relocated.

If they decide that it is, they need to be sure that the replacement units are truly affordable to those who need them. The term “affordable housing” can mean very different things, and can include housing that is affordable to households earning as much as \$54,000 per year. Residents need to make sure that they will not be kept out of the new housing because of their income levels, employment record, credit history, age, or any other reason. They need to investigate the long-term future of the housing, and whether it will remain affordable and/or subsidized. They also need to determine whether they would end up financially worse off, with larger monthly payments, or with a less desirable home or location. They need to be sure that the City’s plan to build the units is feasible and that necessary funding is available. Finally, they need to obtain a legally enforceable guarantee that the replacement housing will be built and available before residents are displaced.